B5000-5

# news from Korn/Ferry International

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## EXECUTIVE HIRING UP 5% FOR 1989; CEOs, GENERAL MANAGERS HEAVILY RECRUITED

--Tougher Business Climate Will Boost Hiring 5-7% in 1990--

NEW YORK, January 4, 1990 -- American companies are hiring more top-level general managers and replacing more chief executive officers in a quest for profitability and effective leadership in the 1990s, according to the 72nd National Index of Executive Vacancies, a quarterly report released today by Korn/Ferry International.

According to the Index and continuing a pronounced trend from last quarter, demand for CEOs rose from 11 percent in 1988's fourth quarter to 15 percent in 1989's fourth quarter. Hiring of general managers increased from 42 percent to 45 percent during the same periods.

Overall senior executive hiring increased eight percent in 1989's fourth quarter and grew five percent for the year, the Index revealed.

"Whether expanding, downsizing or reorganizing, U.S. companies are going to require inspired leaders who can gain competitive advantage and maintain profitability," said Richard M. Ferry, president and co-founder of Korn/Ferry International. "While it is everyone's desire to find these leaders within

existing management ranks, increasingly companies are going outside for new talent," he added.

Executive hiring in 1990 will continue strong and should increase five to seven percent, Korn/Ferry predicts.

"Replacement management will be the watchword for 1990," said Lester B. Korn, chairman. "As business conditions get tougher, there will be intense pressure on senior managers to perform. Companies will have little tolerance for mediocrity and executive shifts will be made much faster than in the past."

American Marketing Execs Being Wooed by Multinationals

Marketing executives also were in great demand in 1989, accounting for 15 percent of total hiring.

"There is a phenomenal demand for marketing people who have the background and the experience to operate in the global arena -- to go in and open up new markets overseas," said Ferry. "And, these people are in extremely short supply."

The demand side of the international marketing picture is being further driven by foreign-based companies opening up or expanding operations in the U.S. "Competition is heating up for qualified American nationals," said Ferry. "Marketing executives are being wooed -- and wooed successfully -- from positions at domestic firms by offers from large, well-financed multinationals."

Most of the other major staff posts at major corporations appear to be satisfactorily filled, for the near term at least. The Index reported that hiring in finance and control as well as

information systems was off. Human resources and administrative hiring was flat.

Regional Picture

The East Coast saw its share of executive demand escalate from 33 percent last year to a record 40 percent in this year's fourth quarter. "Heightened activity in manufacturing, chemical and related industries, consumer products, retailing and communications contributed to incredibly strong executive hiring in the East," Ferry reported.

By contrast, the West Coast fell from 37 percent in 1988's fourth quarter to 23 percent in this year's similar period. "This drop is not unexpected," said Ferry. "Anticipated defense and high technology cutbacks have made companies turn cautious and adopt a 'wait and see' attitude. Slowdowns in leisure/entertainment and healthcare, two other cornerstones of the West, also contributed to the downturn."

The Midwest raised its share of executive demand from 13 percent to 17 percent. Smaller manufacturers and consumer products companies, many preparing to expand internationally, have been aggressively hiring experienced managers, Ferry noted.

According to the Index, the Southeast increased its share of national hiring from 11 percent to 13 percent and the Southwest from six percent to seven percent.

Industry Changes

Hiring in the financial services industry fell to its lowest point in the last decade, from 21 percent in last year's fourth quarter to only 14 percent this year. However, average

year-end figures indicate a rough parity with last year's levels (18 percent in 1989 versus 19 percent in 1988).

"Financial services hiring has been slowing for at least two years, limited almost entirely during that time to replacement hiring," Ferry said. "This quarter, amid ever-increasing reports of layoffs, we saw an even more substantial weakness."

Ferry also pointed out that financial services companies are seeking chairmen, presidents and very senior executives. "These organizations are looking for leaders to come in and restructure and redirect the business," he added.

Significant gains in executive hiring were seen in the transportation, utilities, communications category which climbed from three percent in 1988's fourth quarter to nine percent this year and doubled during the full year from four percent to eight percent. Other gains came in chemical and related products, machinery and manufactured products, and consumer products.

Declines were recorded by technology companies, including defense and computers, and by hospitality, leisure and entertainment concerns.

750 Companies Surveyed

The National Index of Executive Vacancies is based on a quarterly survey of 750 Korn/Ferry International clients who are among the nation's largest corporations and non-profit organizations, including government agencies, universities and cultural institutions. The Index records the hiring of senior executives earning $100,000 or more annually.

Korn/Ferry International

Korn/Ferry International specializes in management searches at the senior level. The firm maintains 41 offices in key business centers throughout North America, Latin America, Europe, Asia/Pacific and Australia.

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## NATIONAL INDEX OF EXECUTIVE VACANCIES--INDUSTRY*

| | 4th Qtr % 1989 | 1988 | Year End % 1989 | 1988 |
|---|---|---|---|---|
| Agriculture/Natural Resources/Energy | 3 | 1 | 2 | 2 |
| Chemical and Related Products | 14 | 5 | 8 | 5 |
| Technology (Electronics, Computers, Software, Defense, Telecommunications) | 8 | 14 | 11 | 13 |
| Machinery, Manufactured Products | 9 | 6 | 10 | 10 |
| Consumer Products (not elsewhere classified) | 6 | 3 | 6 | 6 |
| Transportation, Utilities, Communications | 9 | 3 | 8 | 4 |
| Wholesale and Retail Distribution | 7 | 5 | 7 | 5 |
| Financial Services (Banking, Brokerage Insurance) | 14 | 21 | 18 | 19 |
| Real Estate, Building, Construction | 5 | 5 | 6 | 6 |
| Health Care | 6 | 8 | 7 | 9 |
| Not-for-Profit, Government, Associations, Education | 9 | 15 | 8 | 11 |
| Hospitality/Leisure, Entertainment | 4 | 8 | 4 | 5 |
| Miscellaneous Professional Services | 5 | 6 | 4 | 5 |
| Other | 1 | | 1 | |
| Total | 100% | 100% | 100% | 100% |

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## NATIONAL INDEX OF EXECUTIVE VACANCIES--FUNCTIONS*

| | 4th Qtr % 1989 | 1988 | Year End % 1989 | 1988 |
|---|---|---|---|---|
| Board Level | 1 | 1 | 1 | 1 |
| Chief Executive Officer | 15 | 11 | 14 | 12 |
| General Management | 45 | 42 | 39 | 39 |
| Finance and Control | 9 | 14 | 11 | 13 |
| Human Resources and Administration | 5 | 5 | 7 | 7 |
| Information Systems | 1 | 5 | 2 | 3 |
| Manufacturing, Engineering, R & D, Technology | 9 | 7 | 10 | 9 |
| Marketing and Sales/Advertising and PR | 15 | 15 | 16 | 15 |
| Other | | | | 1 |
| Total | 100% | 100% | 100% | 100% |

## NATIONAL INDEX OF EXECUTIVE VACANCIES--REGION*

| | 4th Qtr % 1989 | 1988 | Year End % 1989 | 1988 |
|---|---|---|---|---|
| East | 40 | 33 | 34 | 29 |
| West | 23 | 37 | 29 | 36 |
| Midwest | 17 | 13 | 17 | 16 |
| Southeast | 13 | 11 | 10 | 11 |
| Southwest | 7 | 6 | 10 | 8 |
| Total | 100% | 100% | 100% | 100% |

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## SENIOR EXECUTIVE HIRING DIPS SLIGHTLY IN FIRST QUARTER

**--Companies Taking a Look at Profit Centers,**

**Replacing General Managers--**

NEW YORK, April 5, 1990 -- Recruiting of senior executives by the nation's leading corporations leveled off slightly in the first quarter of 1990, according to the 73rd National Index of Executive Vacancies, a quarterly report released today by Korn/Ferry International. The Index reported that recruiting levels fell three percent below the quarterly totals of a year ago.

"Companies have been moving cautiously on senior hiring decisions from quarter to quarter for the past year," said Lester B. Korn, Chairman of Korn/Ferry. "Contradictory signals and conflicting economic forecasts have forced management to concentrate on maintaining profitability while positioning themselves for the future."

"One sign that companies are focusing on crucial profit-center responsibility is a significant upswing in the number of general managers being recruited," said Korn. In 1990's first quarter, fully 50 percent of senior executive hiring was in the general management area, up from 38 percent last year.

Korn said, "There has been a consistently strong demand for presidents/COOs, division heads -- and CEOs as well. Companies are looking very hard at key leadership positions and are not afraid to make changes to insure the kind of aggressive, competitive spirit at the helm that will be able to take them into the next century."

Recruitment of Marketing, Finance Executives Off

The surge in demand for general managers in the first quarter was accompanied by a decline in the number of marketing and finance executives being sought. Recruitment of marketing and sales executives fell from 16 percent to 13 percent of total hiring, while that of finance and control executives went from 12 percent to seven percent.

"However, the marketing function will grow in importance as companies move to exploit new opportunities," said Richard M. Ferry, Korn/Ferry President and Co-founder. "The dizzying pace of global political and economic change is presenting unheard-of opportunities for American business and plans for expansion into new areas and new businesses are on the drawing boards."

Ferry points out, however, that such plans are in the early stages and have not been translated yet into staffing decisions. "When that time comes," he says, "look for a veritable explosion in the demand for savvy marketing talent that can operate in the international arena."

In other functional areas, hiring was off slightly in human resources and administration and in manufacturing and engineering. In management information systems, there was an increase in demand for senior systems executives.

Industry Hiring Picture

While continuing to claim the largest share of executive recruitment by industry (19 percent), activity in financial services was limited almost entirely to replacement hiring. "The gloomy picture in the financial services industry has not improved this quarter," said Ferry. "There is some shuffling at the senior-most levels and some activity as a result of retirements, but on the whole, the industry is far from the heady, expansionist days of the mid-80s."

Because of continuing weakness in the electronics industry and looming cuts in defense spending, the high technology sector saw its share of senior hiring contract from 14 percent to nine percent. Consumer products were off (from seven percent to four percent), as was retailing (eight percent to four percent). There was also a decided drop in the number of executives being sought by the public and not-for-profit sector.

The health care industry posted significant gains, however, increasing its share of senior executive demand from seven percent to 11 percent. And there was a surge in demand for executives in the professional services sector, which saw its share of senior hiring rise from three percent to seven percent. Other winners included the energy and natural resources industries, chemical and related products, transportation, utilities and communications -- in particular, telecommunications.

Hiring remained relatively flat in manufacturing, real estate and in the hospitality, leisure and entertainment industries.

East Coast Weighs In as Strongest Region

The Northeast continued to enjoy the largest proportion of executive hiring by region. Buoyed by activity in professional services, a regional mainstay, as well as communications and a strong spurt in chemicals, the East claimed a 37 percent share of national hiring, compared with 31 percent for the West Coast.

A particularly robust health care sector in the Midwest helped boost hiring levels from 13 percent to 15 percent this quarter. In the Southeast, hiring rose from 10 percent to 12 percent, with a pickup in executive demand in insurance and transportation services. A lull in regional hiring pushed the Southwest's share from 10 percent last year to only five percent in this year's first quarter.

750 Companies Surveyed

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## NATIONAL INDEX OF EXECUTIVE VACANCIES--INDUSTRY*

| | 1st Q 1990 % | 1st Q 1989 % |
|---|---|---|
| Agriculture/Natural Resources/Energy | 3 | 1 |
| Chemical and Related Products | 10 | 4 |
| Technology (Electronics, Computers, Software, Defense, Telecommunications) | 9 | 14 |
| Machinery, Manufactured Products | 9 | 9 |
| Consumer Products (not elsewhere classified) | 4 | 7 |
| Transportation, Utilities, Communications | 9 | 6 |
| Wholesale and Retail Distribution | 4 | 8 |
| Financial Services (Banking, Brokerage Insurance) | 19 | 18 |
| Real Estate, Building, Construction | 4 | 6 |
| Health Care | 11 | 7 |
| Not-for-Profit, Government, Associations, Education | 6 | 12 |
| Hospitality/Leisure, Entertainment | 4 | 5 |
| Miscellaneous Professional Services | 7 | 3 |
| Other | 1 | -- |
| Total | 100% | 100% |

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## NATIONAL INDEX OF EXECUTIVE VACANCIES--FUNCTIONS*

| | 1st Q 1990 % | 1st Q 1989 % |
|---|---|---|
| Board Level | 1 | 1 |
| Chief Executive Officer | 14 | 16 |
| General Management | 50 | 38 |
| Finance and Control | 7 | 12 |
| Human Resources and Administration | 5 | 6 |
| Information Systems | 3 | 2 |
| Manufacturing, Engineering, R & D, Technology | 7 | 9 |
| Marketing and Sales/Advertising and PR | 13 | 16 |
| Total | 100% | 100% |

## NATIONAL INDEX OF EXECUTIVE VACANCIES--REGION*

| | 1st Q 1990 % | 1st Q 1989 % |
|---|---|---|
| East | 37 | 36 |
| West | 31 | 31 |
| Midwest | 15 | 13 |
| Southeast | 12 | 10 |
| Southwest | 5 | 10 |
| Total | 100% | 100% |

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**EXECUTIVE DEMAND DOWN IN U.S.; UP STRONG IN EUROPE**

NEW YORK, July 12, 1990 -- Demand for U.S. executives dropped 18 percent in the second quarter of 1990 over the same period a year ago, according to the 74th National Index of Executive Vacancies, a quarterly report released today by Korn/Ferry International. "The American job market is stocked with talented executives looking for positions, and these top spots are scarce," said Lester B. Korn, Chairman of Korn/Ferry, the world's largest executive search firm.

"In response to the sluggish economy, U.S. companies are cutting executive positions to the bone," said Korn. "This is especially true at companies weighed down by debt loads taken on over the past few years. At these corporations in particular, we are seeing staff cuts and employee retrenchment."

By contrast, the picture is much brighter overseas. "This year, demand for senior executives is up 22 percent in Europe," said Korn. "The recent events in Eastern Europe and the forthcoming economic unification of the EEC account for much of the hiring activity. The mood there is one of opportunity and optimism, both for European-based companies and American firms with overseas operations."

Korn warned that this combination of foreign growth and domestic

caution could be dangerous for many American companies. "Although necessary in many cases, today's domestic belt-tightening may well cut into tomorrow's global growth. In the manufacturing sector, for example, plans to invest in new plant and equipment are being drastically curtailed, and the recruiting of manufacturing and engineering executives and R&D staff has plummeted."

The Korn/Ferry Index reported that manufacturing and R&D hiring fell from 12 percent to only eight percent of a considerably smaller pie. "To compete in a global marketplace, American companies need a manufacturing base," said Korn. "But gearing up again will be tough in the face of severe shortages of U.S. executives skilled in manufacturing and R&D."

The Industry Picture: Overall Softness, Pockets of Activity

In the financial services sector, executive demand fell from 20 percent to only 14 percent of overall national hiring. "Things are at a standstill on Wall Street, the investment community is talking layoffs and the S&Ls are collapsing," said Richard M. Ferry, Korn/Ferry president and co-founder. "The only financial services hiring this past quarter has been related to damage control." Ferry said that many troubled financial institutions, especially the commercial banks, were recruiting new presidents and CEOs specifically for turnaround situations.

Other industries facing an array of problems have also reported a significant scaling back of recruitment efforts. In the retail industry, three straight months of declining sales have ushered in a period of bankruptcies and reorganizations. Severely overbuilt

commercial and residential markets, coupled with a credit crunch, have frozen real estate hiring. High technology companies, dependent on dwindling defense dollars, have put most hiring plans on hold.

However, Ferry pointed to several pockets of healthy hiring activity. "The energy sector is expanding again, and that's good news for the Southwest. Health care continues to grow and telecommunications is very strong." He also pointed out that industries that have already made the move to expand into foreign markets are enjoying substantial employment growth. Among these are the entertainment industry and the hospitality and leisure sector, both of which are actively recruiting senior area and country managers and marketing executives with international experience. "Wise American corporations should actively be seeking ways to capitalize on the current boom in Europe," Ferry said.

Hiring in the non-profit sector increased from six percent to 10 percent of total demand, reflecting openings created by retirements and resignations as well as an increased use of executive search by universities and museums. Non-profit institutions are especially eager to find senior administrators comfortable with the fund-raising challenges posed by new tax laws.

## Functional Picture Dominated by Concern for Profits

Efforts to improve financial performance and protect profitability have motivated corporations to fill key positions with proven P&L leaders. Fully 40 percent of senior executive recruiting was for positions in general management, and 15 percent was for CEOs. Ferry said, "Not afraid to make changes at the top, American companies

are scrambling to improve their profits. By hiring strong managers for their profit centers, they hope to weather the storm and get back on track for future growth."

In other functional specialties, hiring of finance and marketing executives was flat, and recruitment of human resources and administrative staff was off considerably.

## Region by Region

Hard hit by the decline in manufacturing, executive hiring in the Midwest fell from 20 percent to 14 percent of national totals. The East and the West Coasts each claim a 34 percent share of national hiring, although both regions have been adversely affected by cuts in the defense budget, the travails of the once booming financial services industry and a soft real estate market. Similar problems conspired to reduce the volume of hiring in the Southwest.

## 750 Companies Surveyed

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## NATIONAL INDEX OF EXECUTIVE VACANCIES--INDUSTRY*

| | 2nd Q 1990 % | 2nd Q 1989 % |
|---|---|---|
| Agriculture/Natural Resources/Energy | 3 | 3 |
| Chemical and Related Products | 4 | 4 |
| Technology (Electronics, Computers, Software, Defense, Telecommunications) | 12 | 10 |
| Machinery, Manufactured Products | 12 | 14 |
| Consumer Products (not elsewhere classified) | 6 | 7 |
| Transportation, Utilities, Communications | 13 | 8 |
| Wholesale and Retail Distribution | 5 | 6 |
| Financial Services (Banking, Brokerage Insurance) | 14 | 20 |
| Real Estate, Building, Construction | 5 | 6 |
| Health Care | 8 | 7 |
| Not-for-Profit, Government, Associations, Education | 10 | 6 |
| Hospitality/Leisure, Entertainment | 5 | 3 |
| Miscellaneous Professional Services | 3 | 5 |
| Other | -- | 1 |
| Total | 100% | 100% |

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## NATIONAL INDEX OF EXECUTIVE VACANCIES--FUNCTIONS*

| | 2nd Q 1990 % | 2nd Q 1989 % |
|---|---|---|
| Board Level | 2 | 1 |
| Chief Executive Officer | 15 | 13 |
| General Management | 40 | 34 |
| Finance and Control | 12 | 12 |
| Human Resources and Administration | 6 | 10 |
| Information Systems | 2 | 2 |
| Manufacturing, Engineering, R & D, Technology | 8 | 12 |
| Marketing and Sales/Advertising and PR | 15 | 15 |
| Other | -- | 1 |
| Total | 100% | 100% |

## NATIONAL INDEX OF EXECUTIVE VACANCIES--REGION*

| | 2nd Q 1990 % | 2nd Q 1989 % |
|---|---|---|
| East | 34 | 30 |
| West | 34 | 30 |
| Midwest | 14 | 20 |
| Southeast | 9 | 8 |
| Southwest | 9 | 12 |
| Total | 100% | 100% |

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